

VZCZCXRO1388
PP RUEHGR
DE RUEHSP #0701/01 1581957
ZNR UUUUU ZZH
P 071957Z JUN 06
FM AMEMBASSY PORT OF SPAIN
TO RUEHC/SECSTATE WASHDC PRIORITY 6950
INFO RUCNCOM/EC CARICOM COLLECTIVE
RUEHCV/AMEMBASSY CARACAS 3594
RUEHSJ/AMEMBASSY SAN JOSE 0460
RUEHKO/AMEMBASSY TOKYO 0076
RUEHHM/AMCONSUL HO CHI MINH CITY 0019

UNCLAS SECTION 01 OF 03 PORT OF SPAIN 000701

SIPDIS

SIPDIS

E.O. 12958: N/A

TAGS: [EINV](#) [ECPS](#) [EFIN](#) [KIPR](#) [KFLU](#) [SENV](#) [TD](#)

SUBJECT: TRINIDAD ECONOMIC HIGHLIGHTS - MAY PART 2

PORT OF SP 00000701 001.2 OF 003

The following were notable economic issues in T&T during the latter half of May:

- (1) T&T going with the "Flow"
- (2) Repo rate hiked again
- (3) Fertilizer complex deal with U.S. firms
- (4) Alcoa leads tour of Brazilian smelter
- (5) Govt explores new U.S. trade options
- (6) T&T ranking in environment study
- (7) T&T preparing for bird flu
- (8) New investment policy coming

1. T&T going with the "Flow"

Local cable company Columbus Communications has re-branded its services with the launch of Flow, a new digital system incorporating the "triple play" service of cable, high-speed Internet and telephone service. Columbus expects to give incumbent local telecom provider TSTT stiff competition for its Internet and telephone services. TSTT plans to launch its own cable service before the end of the year. Columbus expects 75 percent of its customers to be digital in 36 months, with phase one of the digital conversion starting in June. Cable customers will have access to more than 200 digital quality video and audio channels, DVD picture and sound quality, pay-per-view programming, video on demand capability and superior parental control features. According to company officials, it will invest in excess of TT1 billion (US\$160 million) in T&T as testimony to its commitment. Columbus has not yet resolved its ongoing piracy of certain U.S. broadcast signals, though it claims to be in discussion with HBO.

2. Repo rate raised again

On May 23, the Central Bank increased the 'Repo' rate from 6.75 percent to 7.0 percent in light of continuing inflation, evidence of continuing strong demand in the economy and the relatively narrow spread between domestic and US interest rates. Latest data from the Central Statistical Office (CSO) shows that inflation continues to be a major economic challenge. Year-on-year headline inflation was up to 6.9 percent as of April 2006.

13. Fertilizer complex deal with U.S. firms

Two American companies, Terra Industries and CF Industries Holdings, and local corporate giant Ansa McAl recently signed an agreement with the GOTT for the construction and operation of a fertilizer complex at Union Industrial Estate in southwestern Trinidad. The complex, First UAN Trinidad Ltd., comprises five chemical plants - urea, ammonia, nitrate acid, and two Urea Ammonium Nitrate (UAN) plants, and is to be built at a cost of US\$835 million. Construction is expected to start in the third quarter of this year, and production is expected by the first quarter of 2009. The project will employ 2,000 construction workers. Once production begins, some 125 people will be permanently employed at the complex. CF Industries is a newcomer to this country, but Terra Industries already has a foothold in T&T. The company owns 50 pct of Point Lisas Nitrogen after Terra acquired Mississippi Chemical in 2004.

14. Alcoa leads tour of Brazilian smelter

In an effort to gain support for its Trinidad smelter project and allay health and environmental fears among residents of the communities involved, Alcoa arranged in May for a group of local non-governmental organization (NGO) representatives to visit the Alcoa-owned industrial complex, Alumar, in Sao Luis, Brazil. Consisting of a representative from the Beekeepers Association, a Pentecostal minister, the chairman of the Council of Presidents of the Environment (COPE), and a schoolteacher, the group toured the Alumar environmental park, port and refinery. The visitors

PORT OF SP 00000701 002.2 OF 003

also toured the Rural Family House, the Technological Capability Center, and the Bom Menino Park, all of which are financially assisted by Alumar.

15. GOTT explores new U.S. trade options

Foreign Affairs Minister Knowlson Gift recently welcomed a Miami-Dade County trade delegation and advised the members of the significant levels of trade currently taking place between T&T and the USA. Gift said that TT-US trade spanned several business sectors, with the greatest emphasis on the energy sector. The Minister told mission members that the T&T investment climate was "hospitable," and the time was ripe for South Florida businesses to seek out opportunities in T&T. Gift said trade opportunities with South Florida were being explored. Some T&T manufacturers have also expressed an interest in exporting their goods to South Florida.

16. T&T ranking in environment study

The Environment Management Authority (EMA) recently highlighted findings of a joint Columbia/Yale study, comparing countries on environmental indicators. The Environmental Performance Index (EPI), a study of the environmental health of 133 countries, was released in January at the World Economic Forum in Davos. It ranks T&T 35th (the USA is 28th). According to EMA chairman John Agard, water resources in T&T received an almost perfect score of 99.9, an environmental health score of 94.1, air quality 74.4 and natural resources 88.9.

However, its two major failings were in biodiversity and protected habitat where it scored 32, and sustainable energy, which got 3.4. Agard explained that the sustainable energy score was a result of this country's exportation and overdependence on its fossil fuel deposits, and its failure to invest in alternative sources of energy. He said that an improvement in this area could easily place T&T into the top ten countries on the list.

17. T&T preparing for bird flu

The Ministries of Agriculture and Health have signed up for UN Food and Agriculture Organization (FAO) emergency assistance for early detection and prevention of avian influenza in the Caribbean. The FAO project runs from April 2006 to September 2007. T&T, together with 14 other countries, will have access to US\$500,000 to use in sharing information and developing emergency preparedness plans. The project includes support for laboratory services. The funds are to be used for communications strategies and early detection by looking at wildfowl, domestic birds and free-range species. According to Agriculture Minister Jarette Narine, the T&T Cabinet has given his ministry one month to develop plans and proposals to deal with bird flu (AI), and this also includes funding. According to Narine, Bird Flu (AI) is expected to reach T&T within 18 months or sooner. He urged people to cage their yard-fowl in an effort to prevent them from catching AI from infected migratory wild birds, especially wild birds trafficked from Venezuela.

- Meanwhile, the Ministry of Agriculture has announced that tests and autopsies performed in recent deaths of several seabirds on Tobago determined that AI was not present. It is believed that the deaths were a result of ingesting poison used in a pest control exercise at a nearby landfill.

18. New Investment Policy Coming

At the May 17 opening ceremony for the Trade and Investment Conference (TIC), Trade and Industry Minister Kenneth Valley revealed that government was in the process of developing a new investment policy to promote more foreign and domestic investment. According to Valley, the policy will be available for public comment shortly. During his address Valley said T&T would lay the foundation for sustainable economic

PORT OF SP 00000701 003.2 OF 003

growth by integrating its economy into the Latin American economy, and a key to this would be expanding the non-energy sector in T&T.

AUSTIN